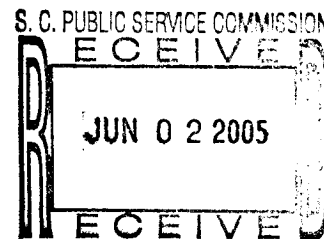


ELLIS:LAWHORNE

John J. Pringle, Jr.
Direct dial: 803/343-1270
jpringle@ellislawhorne.com



June 1, 2005

VIA ELECTRONIC MAIL AND FIRST-CLASS MAIL SERVICE

The Honorable Charles L.A Terreni
Chief Clerk
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

RE: BellSouth Telecommunications, Inc. Transit Traffic Tariff
Docket No. 2005-63-C, Our File No. 611-10116

Dear Mr. Terreni:

Enclosed is the original and twenty-five (25) copies of the **Rebuttal Testimony of Richard Guepe** filed by AT&T Communications of the Southern States, LLC in the above-referenced matter.

JJP Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it in the enclosed envelope. By copy of this letter, I am serving all parties of record and enclose my certificate of service to that effect.

If you have any questions or need additional information, please do not hesitate to contact me.

With kind regards, I am

Very truly yours,

A handwritten signature in cursive script that reads "John J. Pringle, Jr.".

John J. Pringle, Jr.

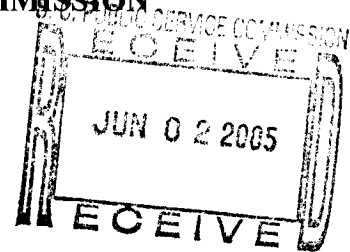
JJP/cr

cc: all parties of record
Enclosures

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603-11-11
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**BEFORE THE
SOUTH CAROLINA PUBLIC SERVICE COMMISSION**

DOCKET NO. 2005-63-C



IN RE:)
)
Petition and Complaint of AT&T)
Communications of the Southern States,)
LLC for Suspension and Cancellation of)
Transit Traffic Service Tariff No. 2005-)
138 filed by BellSouth)
Telecommunications, Inc.)

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day, one (1) copy of the **Rebuttal Testimony of Richard Guepe** by placing a copy of same in the care and custody of the United States Postal Service (unless otherwise specified), with proper first-class postage affixed hereto and addressed as follows:

Office of Regulatory Staff
Legal Department
PO Box 11263
Columbia SC 29211

Patrick W. Turner, Esquire
BellSouth Telecommunications, Inc.
1600 Williams Street
Suite 5200
Columbia SC 29201

Scott Elliott, Esquire
Elliott & Elliott, PA
721 Olive Street
Columbia SC 29205

John Bowen, Esquire
McNair Law Firm, PA
PO Box 11390
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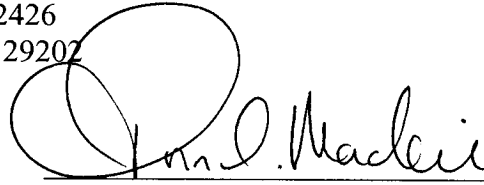
Bonnie D. Shealy, Esquire
Robinson McFadden
PO Box 944
Columbia SC 29202

Robert D. Coble, Esquire

Nexsen Pruet

PO Drawer 2426

Columbia SC 29202

A handwritten signature in black ink, appearing to read "Trina Mackie", written over a horizontal line.

Trina Mackie

June 1, 2005

Columbia, South Carolina

1 **AT&T COMMUNICATIONS OF THE SOUTHERN STATES, LLC.**
2 **REBUTTAL TESTIMONY OF RICHARD GUEPE**
3 **BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION**
4 **DOCKET NO. 2005-63-C**

5 **JUNE 1, 2005**



7 **I. INTRODUCTION AND QUALIFICATIONS**
8

9 **Q. PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.**

10 A. My name is Richard T. Guepe. My business address is 1230 Peachtree Street,
11 Atlanta, Georgia, 30309.

13 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

14 A. I am employed by AT&T Corp. as a District Manager in its Law & Government
15 Affairs organization, providing support for AT&T's regulatory advocacy.

17 **Q. BRIEFLY OUTLINE YOUR EDUCATIONAL BACKGROUND AND**
18 **BUSINESS EXPERIENCE IN THE TELECOMMUNICATIONS**
19 **INDUSTRY.**

20 A. I received a Bachelor of Science Degree in Metallurgical Engineering from the
21 University of Notre Dame in South Bend, Indiana. I received a Masters of
22 Business Administration Degree from the University of Tennessee in Knoxville,
23 Tennessee. My telecommunications career began in 1973 with South Central Bell
24 Telephone Company in Maryville, Tennessee, as an outside plant engineer.
25 During my tenure with South Central Bell, I held various assignments in outside

1 plant engineering, buildings, and real estate, investment separations and division
2 of revenues. At divestiture (1/1/84), I transferred to AT&T where I have held
3 numerous management positions in Atlanta, Georgia, and Basking Ridge, New
4 Jersey, with responsibilities for investment separations, analysis of access charges
5 and tariffs, training development, financial analysis and budgeting, strategic
6 planning, regulatory issue management, product implementation, strategic
7 pricing, docket management activities, unbundled network element cost case
8 support and support for interconnection agreements.

9
10 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY STATE PUBLIC**
11 **SERVICE COMMISSION?**

12 A. Yes, I have testified on behalf of AT&T in South Carolina, Alabama, Georgia,
13 Florida, Tennessee, North Carolina, Louisiana, Mississippi, Kansas, Missouri,
14 Oklahoma, Texas and Wisconsin on product implementation issues, access and
15 pricing issues, and policy issues.

16
17 **II. PURPOSE**

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 A. The purpose of my testimony is to respond to portions of the direct the
20 testimonies of the South Carolina Telephone Coalition ("SCTC") witness Mr.
21 Emmanuel Staurulakis and BellSouth Telecommunications, Inc. witness Mr.

Kenneth Ray McCallen filed in this proceeding . Specifically, I address positions that could impact the operation of AT&T in South Carolina. ¹

III. DISCUSSION

Q. PLEASE EXPLAIN WHY AT&T WITHDREW ITS COMPLAINT IN THIS PROCEEDING.

A. In its revised filing BellSouth clarified the tariff language in Section A16.12 to state *“Pursuant to this tariff, charges for Transit Traffic Service in this tariff shall apply only to those Telecommunications Service Providers that do not have an interconnection agreement with BellSouth providing for payment for Transit Traffic Service for any particular type of Transit Traffic as describe in A16.1.2.B. below. Charges for Transit Traffic Service in this tariff shall not be applied to any carrier who has an expired interconnection agreement providing for payment for Transit Traffic Service if the carrier is engaged in ongoing negotiation or arbitration for a new interconnection and the former agreement provides for continuing application during that period.”*

In addition, in the Notice of Filing of Revisions To Tariff, BellSouth committed that “it will not assert regulatory approval of this tariff constitutes a finding that resolves the issue of whether or not BellSouth has an obligation to provide cost-based transit traffic service pursuant to a negotiated or arbitrated interconnection agreement in accordance with 47 USC §§ 251 and 252.”

¹ Because I am not an attorney, my testimony is subject to the standard caveat that I am not offering any legal opinion.

1 AT&T has an interconnection agreement (ICA) with BellSouth and is currently
2 negotiating a successor to the agreement. As such, the tariff rate proposed by
3 BellSouth is not a precedent or prejudicial to the rate AT&T may negotiate with
4 BellSouth. Therefore, the changes made by BellSouth satisfactorily addressed
5 concerns expressed to BellSouth by AT&T.

6
7 **Q. BELLSOUTH WITNESS MCCALLEN (DIRECT, P. 3-4) INDICATES THE**
8 **ISSUES BEFORE THIS COMMISSION ARE (1) THE APPROPRIATE**
9 **AMOUNT OF COMPENSATION FOR TRANSIT TRAFFIC AND (2)**
10 **WHO PAYS FOR THE SERVICE. WOULD YOU AGREE?**

11 A. With reference to the previous discussion of BellSouth's tariff, AT&T partially
12 agrees.

13
14 **Q. PLEASE EXPLAIN.**

15 A. Because approval of the tariff and the rates proposed by BellSouth, by
16 BellSouth's own statements, will not be used by BellSouth as precedent regarding
17 any responsibility it may have to provide transit service at cost based rates and do
18 not impact AT&T's ICA nor AT&T's ICA negotiations with BellSouth, the tariff
19 rate is not an issue for AT&T. I agree the question of who pays for the service is
20 an issue for AT&T.

21
22 **Q. DO YOU AGREE WITH THE SCTC POSITION THAT THE**
23 **INDEPENDENT COMPANIES SHOULD NOT BE RESPONSIBLE FOR**
24 **TRANSIT TRAFFIC COSTS FOR ITS ORIGINATING TRAFFIC FOR**
25 **TRANSIT TRAFFIC BETWEEN THE ICO AND CLECS OR CMRS**
26 **PROVIDERS?**

1 **A.** No. As BellSouth witness McCallen (Direct, P. 9-10) states, it is appropriate for
2 the originating telecommunications service provider to pay the transit charges.
3 The concept that the originating party pays is standard practice in intercarrier
4 compensation processes. The industry operates under a long-standing economic
5 model in which the originating carrier collects the local exchange revenue and is
6 responsible for the costs of originating, transporting, and terminating its own
7 customer's traffic. Section 252(d)(2)(A) of the Telecommunications Act clearly
8 assigns such costs to the originating carrier:

9 [A] state commission shall not consider the terms and conditions
10 for reciprocal compensation to be just and reasonable unless...
11 such terms and conditions provide for the mutual and reciprocal
12 recovery by each carrier of costs associated with the transport and
13 termination on each carriers network facilities of calls that
14 originate on the network facilities of another carrier.

15
16 To meet the "just and reasonable" test under Section 252(d)(2)(A), both parties
17 must have comparable obligations to deliver traffic to the other party's network.

18 The scenario in which the ICO pays none, and the CLEC pays all transit costs
19 does not provide comparable obligations and clearly is not "just and reasonable"
20 and is contrary to Section 252(d)(2)(A).

21 It would be extremely unreasonable for the terminating party to be required to pay
22 for traffic originated by an ICO customer.

23
24 **Q.** **MR. MCCALLEN (DIRECT, P. 17) STATES THAT IF AN ICO OBJECTS**
25 **TO PAYING TRANSIT CHARGES TO BELL SOUTH, THE ICO COULD**
26 **ESTABLISH ONE-WAY TRUNK GROUPS THAT CONNECT THE ICO'S**
27 **NETWORK TO THE CLEC'S NETWORK. MR. STAURULAKIS**

1 **(DIRECT, P. 4) SAYS SCTC MEMBERS DO NOT HAVE A CHOICE**
2 **WHETHER OR NOT TO PURCHASE TRANSIT SERVICE. DO YOU**
3 **HAVE ANY COMMENTS ON THESE SEEMINGLY CONTRADICTIONARY**
4 **STATEMENTS?**

5 A. Yes. I can only speak for AT&T, but if an ICO did not want to pay transit
6 charges and asked to direct connect to AT&T at its own expense, AT&T would be
7 willing to discuss the issue with the ICO. However, under these conditions, the
8 parties would have to agree to rates, terms and conditions for such
9 interconnection. Of course, if volumes are minimal, it may not make economic
10 sense for a party to expend the resources to direct connect.

11
12 **Q. HAVE ANY COMMISSIONS IN THOSE STATES WHERE BELL SOUTH**
13 **PROVIDES LOCAL SERVICE RULED ON THE ISSUE OF WHO IS**
14 **RESPONSIBLE FOR THE PAYMENT OF TRANSIT TRAFFIC?**

15 A. Yes, the Georgia Public Service Commission issued an order on March 24, 2005
16 that specifically addressed the question of who pays for transit traffic. The
17 Georgia Commission ruled that the telephone service provider of the calling party,
18 the originating provider, is responsible to pay the transit traffic charges. In other
19 words, if a CLEC customer originates a call that is terminated to an ICO customer
20 and transited by BellSouth, the CLEC pays BellSouth for the transit function. If
21 an ICO customer originates a call that is terminated to a CLEC customer and
22 transited by BellSouth, the ICO pays BellSouth for the transit function.
23 In an order issued on May 2, 2005, the Georgia Commission affirmed the March
24 decision and denied the request for relief on Petition for Reconsideration filed
25 by the independent companies in that case.

1 **Q. MR. STAURULAKIS (DIRECT, P. 10) INFERS IT IS UNFAIR FOR THE**
2 **SCTC COMPANIES TO INTERCONNECT WITH OTHER CARRIERS**
3 **INDIRECTLY. CAN YOU DESCRIBE AN ARRANGEMENT FOR**
4 **INDIRECT INTERCONNECTION THAT DOES NOT**
5 **INAPPROPRIATELY DISCRIMINATE AGAINST ANY OF THE**
6 **PARTIES INVOLVED?**

7 A. A fair arrangement for indirect interconnection is one in which the point on the
8 terminating carrier's network where the originating carrier delivers its traffic is
9 the point where the terminating carrier's network meets with the network of the
10 transit provider (the meet point). Under this kind of an arrangement, the
11 originating carrier would pay the transit charges to the transit service provider to
12 deliver its traffic to the meet point that the terminating carrier has with the transit
13 provider. Thus, an independent LEC would pay BellSouth transit charges to
14 deliver their traffic to AT&T's (or any other carrier's traffic that is routed over
15 such arrangements for the termination of local traffic) meet point with BellSouth,
16 and AT&T would pay to deliver its traffic to the independent LEC's meet point
17 with BellSouth. This type of an arrangement is equitable, efficient (in that it does
18 not require uneconomical direct trunking arrangements) and is consistent with the
19 law.

20
21 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

22 A. Yes.